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The opinion in support of the decision being entered today was not written for publication and is not binding precedent of the Board.

Paper No. 43

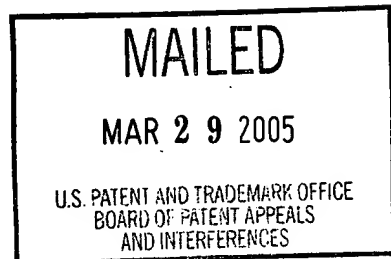
UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte PETER B. MADOFF,
ALBERTO C. CASANOVA,
and CHRISTOPHER KEITH

Appeal No. 2004-2085
Application 09/272,542¹

HEARD: March 8, 2005



Before HAIRSTON, BARRETT, and LEVY, Administrative Patent Judges.
BARRETT, Administrative Patent Judge.

DECISION ON APPEAL

This is a decision on appeal under 35 U.S.C. § 134(a) from the final rejection of claims 1-40, 55-58, and 64-78. Claims 41-54 and 59-63 have been canceled.

We reverse.

¹ Application for patent filed March 19, 1999, entitled "Auction Market With Price Improvement Mechanism."

BACKGROUND

The invention relates to an automated auction system and method for trading products such as equity securities.

Claim 33 is reproduced below.

33. A system for auctioning financial products over a distributed, networked computer system, said system comprising:

a plurality of workstations for entering orders for financial products into the distributed, networked computer system by specifying in the order a quantity of the financial product and an exposure time for which the order is displayed for responses;

a plurality of workstations for entering responses to orders for the product, said responses specifying a price and a quantity;

a server computer coupled to the workstations for entering the orders and the responses, said server computer executing a server process that for a first one of said orders,

determines a match to said first order with the responses and contra-side orders during the exposure time specified by said first order.

THE REFERENCES

The examiner relies on the following references:

| | | |
|--------------------------------|-----------|----------------------|
| Silverman et al. (Silverman) | 5,136,501 | August 4, 1992 |
| Harrington et al. (Harrington) | 6,161,099 | December 12, 2000 |
| | | (filed May 29, 1998) |

THE REJECTIONS

Claims 33, 34, 39, and 64 stand rejected under 35 U.S.C. § 102(e) as being anticipated by Harrington.

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Claims 1, 2, 4, 6-11, 14-25, 27-32, 35, 36, 40, 55-58, 65-72, and 74-78 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Harrington.

Claims 3, 5, 12, 13, 26, and 73 stand rejected under 35 U.S.C. § 103(a) as being unpatentable over Harrington and Silverman.

We refer to the final rejection (Paper No. 30) and the examiner's answer (Paper No. 36) (pages referred to as "EA__") for a statement of the examiner's rejection, and to the brief (Paper No. 35) (pages referred to as "Br__") and reply brief (Paper No. 37) (pages referred to as "RBr__") for a statement of appellants' arguments thereagainst.

OPINION

Grouping of claims

Appellants group the claims as follows for purposes of this appeal (Br9):

| | |
|-------|---|
| Group | I: claims 33-39 |
| Group | II: claims 1, 4-6, 9, 10, 13, 24-32, and 73-75 ² |
| Group | III: claim 2 |
| Group | IV: claim 3 |
| Group | V: claims 7, 8, 11, 12, and 76 |
| Group | VI: claims 14-23 |
| Group | VII: claims 40 and 65-70 |
| Group | VIII: claims 55-58 |
| Group | IX: claims 71, 72, 77, and 78 |
| Group | X: claim 64. |

² Appellants do not include claim 74 in any of the groupings. The claim most logically fits in this group.

Since claims 5, 12, 13, 26, and 73 have been rejected over the combination of Harrington and Silverman, it is not logical that these claims stand or fall together with claims that are rejected only over Harrington. We separately address these claims within the respective group.

Group I: claims 33-39

Claim 33 is rejected as anticipated by Harrington (FR5-6). The examiner provides a dictionary definition of "order" as a "commission or instruction to buy, sell or supply something," and reads the claimed "order" on the offer to sell in Harrington and the claimed "responses" on the bids to buy (FR2).

Initially, we find that Harrington is not directed to the same invention as that disclosed by appellants. Harrington is concerned with original issue auctions of financial instruments as opposed to existing instruments (e.g., col. 2, lines 49-60). It is evidently the examiner's position that the claims are broad enough to be anticipated by or obvious over Harrington alone or in combination and we have addressed the rejection in that light.

Appellants argue that Harrington does not teach "entering orders for financial products ... by specifying in the order a quantity of the financial product and an exposure time for which the order is displayed for responses." It is argued that "orders," as used in the claims, can be two-sided to be either a "buy" order or a "sell" order (Br15). It is argued that

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Harrington describes that the Issuer will "offer" to sell bonds to underwriters who "bid" on the bonds to establish a yield (Br15). It is argued that Harrington does not possess "orders" because when the Issuer starts an auction by offering a bond, the "offer" that starts the auction does not have any contra side "offer" to buy (Br15). "That is, Harrington cannot use one of the offers entered by an Issuer to match a contra-side offer of that Issuer or another Issuer.... In Harrington, an auction of one bond Issue cannot be matched off against that of another bond issue on the contra (opposite) side of the market, since the contra side of the offer does not exist." (Br15.)

The examiner states that appellants have not provided a definition of "order" that would distinguish the limitation of "entering an order" over Harrington (EA3). The examiner relies on the dictionary definition of "order" as a "commission or instruction to buy, sell or supply something," and concludes that since Harrington is dedicated to selling financial products, the auction defining process in Figs. 10 and 15 is an "entering an order" step because it serves as a commission or instruction to sell the financial product (EA3-4). The examiner finds that the quantity, type of financial product, and exposure time are "all parameters used by an auctioneer, issue, auction administrator... etc. when preparing a financial product for sale" (EA4). The examiner responds that appellants' argument that an "order" can

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be to "buy" and "sell" reads limitations into the term and refers again to the dictionary definition (EA12). The examiner states that appellants mischaracterize the teachings by framing the buy and sell relationship as between two issuers and arguing that an issuer must also be able to buy bonds (EA12-13), and finds no support for the term "buy" in claim 33 (EA13).

Appellants reply that the term "order" conveys to one skilled in the art that the order could be a buy or sell order (RBr2). "Claim 33 requires an order and a contra-side order namely a buy order and a sell order." (RBr2.) It is argued that claim 33 call for three distinct elements (orders, contra-side orders, and responses) and the examiner does not squarely address these features (RBr3). It is argued that a "response" is entered in response to an auction and while orders and contra-side orders have the common property that each has an exposure time, "the response has a different property, i.e., the response is priced relative to a prevailing current market price and has a price improvement" (RBr3). Appellants argue that by equating "bids" in Harrington to contra-side orders, there is no feature to correspond to the claimed "response" (RBr3-4).

Claim 33 recites "orders," "contra-side orders," and "responses." "Orders" and "contra-side orders" (which are opposite position orders) specify a quantity of the financial product and an exposure time and start an auction that lasts for

the exposure time; in other claims the orders specify a price. As a matter of claim interpretation, while an "order" covers both "buy" and "sell" orders, an "order" is met by either a "buy" order or a "sell" order for purposes of applying prior art; of course, if the "order" is a "sell" order, the "contra-side order" is a "buy" order. "Responses" to the orders specify a price and a quantity; in other claims the responses may specify a relative price with a price improvement. Financial terms have specialized meanings in the art,³ but we agree with the examiner that to the extent there may be a broader general definition, the broadest reasonable interpretation controls. The examiner's dictionary definition of "order" as a "commission or instruction to buy, sell or supply something" is consistent with the meaning in the art, which is an "[i]nstruction to a broker/dealer to buy, sell, deliver, or receive securities or commodities that commits the issuer of the 'order' to the terms specified." See Glossary at "<http://biz.yahoo.com>." A "bid" is "[t]he price a potential buyer is willing to pay for a security." Id. The "ask" is "the lowest price an investor will accept to sell a stock [A]lso called the offer price." Id. An "offering" is the first sale of stocks or bonds to the public. Id. Thus, the "bid" and "offer"

³ At the oral hearing, appellants provided a number of definitions from different sources for the terms "bid," "offer," and "order." These definitions are not part of the record. It would have been more constructive to present these definitions to the examiner.

in Silverman are comparable to a "buy" order and "sell" order, respectively. Harrington discloses an "offering" for bonds, in particular, an original issue offering. Harrington describes an original issuer auction whereby the auction is conducted by an auctioneer hired by the Issuer to solicit and receive bids (col. 6, lines 36-37). We have wrestled with the examiner's reasoning that Harrington discloses an "order" because it is a commission or instruction to sell a financial product, and with the terminology that an "offer" can correspond to a "sell" order. In view of the claim breadth, we do not see error in the examiner's reading of "orders" on the "offerings" of financial products in Harrington (although it is not clear that the two auctions shown in Figs. 10 and 11 specify "a quantity of the financial product," as claimed, this is not argued; note that claim 33 does not require the order to specify a price) and "responses" on the "bids" in Harrington. An "order" can be met by either a "sell" order or a "buy" order. Claim 33 does not require that the financial product to be sold is in existence and the transaction can be completed immediately as opposed to after an auction as taught by Harrington.

However, we agree with appellants that Harrington does not teach "contra-side orders." A "contra-side order" requires a contra (opposite) position, i.e., a "buy" order is contra to a "sell" order and a "sell" order is contra to a "buy" order.

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Harrington does not teach a "contra-side order" because it deals with original issuer auctions where there are no financial instruments yet and, hence, no contra position. Contra side positions require that the financial instruments exist that can be subject to offers to buy and sell. For this reason alone claim 33 is not anticipated. While Harrington discloses that the present invention is applicable to other kinds of financial instruments (col. 6, lines 13-16), it does not describe anything that could be considered a "contra-side order." Of course, since Harrington does not disclose a "contra-side order," it does not teach a system that "determines a match to said first order with ... contra-side orders." Appellants' argument that a "response" has the property that it is priced relative to a prevailing current market price and has a price improvement is without support in claim 33; compare claim 71.

Appellants also argue that Harrington does not describe an order having an "exposure time for which the order is displayed for response," as claimed (Br15; RBr2-3). The examiner finds that Harrington teaches an exposure time for which the order can be displayed, referring to column 10, lines 32-41, and column 12, lines 24-30 (EA12-13). Appellants argue that Harrington does not describe an order having an "exposure time," but does not reply to the examiner's finding (RBr3).

Harrington discloses that the auction has a specified start time and end time and that bids must be submitted during this time (col. 10, lines 32-35). However, there is no teaching in Harrington that the exposure time is specified by the Issuer in the offer. It is simply speculation whether the exposure time is specified by the Issuer or the auctioneer or some other entity. It is improper to resort to speculation or unfounded assumptions to supply deficiencies in the factual basis for a rejection. See In re Warner, 379 F.2d 1011, 1017, 154 USPQ 173, 178 (CCPA 1967).

Therefore, we find that Harrington does not teach "contra-side orders," the orders specifying a "response time," and that the system "determines a match to said first order with ... contra-side orders." The anticipation rejection of claim 33 and its dependent claims 34 and 39 is reversed. Since no other art is applied to dependent claims 35-38, the rejection of these claims for obviousness is also reversed.

Group II: claims 1, 4-6, 9, 10, 13, 24-32, 73, and 75

Claim 1 is representative.

Appellants argue that Harrington does not suggest an order because the offer disclosed by Harrington does not possess the features of an order (Br16).

This argument has been addressed and found to be unpersuasive in the analysis of claim 33. Although it is not clear that the two auctions shown in Figs. 10 and 11 of

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Harrington specify "a quantity of the product," this limitation is not argued. It is noted that claim 1 does not require the order to specify a price; compare claim 14. Claim 1 does not recite a "contra-side order," as in claim 33, and we conclude that the fact that a contra-side order does not exist does not prevent an offer to sell from being an order.

Appellants argue that Harrington does not suggest orders specifying exposure times (Br16).

We agree that Harrington does not disclose that the offering specifies the exposure time as discussed in regard to claim 33.

Appellants argue (Br16) that Harrington does not suggest "specifying a relative price with a price improvement with the relative price being relative to a generally accepted indicator of a prevailing current market price for the product." It is further argued (Br16) that the "current best bid" in Harrington is simply the best bid in the auction at the instant in time and is not equivalent to a "generally accepted indicator of a prevailing current market price."

The examiner finds that the "best bid" is a "generally accepted indicator of a prevailing current market price," while an incoming and better bid embodies a "price improvement" (EA14).

Appellants reply that the teaching of "better or best bids" does not suggest a generally accepted indicator of a prevailing current market price (RBr5). It is argued that the word

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"current" allows for the price of a particular response to change with the market, but, in Harrington's system, the price is not current but is merely the best price (RBr5). "There does not exist a generally accepted indicator of prevailing current market price in Harrington because the purpose of Harrington's system is to try to establish a market for the product offered." (RBr5.)

We agree with appellants that a "best bid" is not equivalent to a "generally accepted indicator of a prevailing current market price." In the original issue auctions described by Harrington, the auction is setting the market price; unlike a stock market or secondary market there is no available market price. However, assuming that a "best bid" is a "prevailing current market price" in the loose sense that it is what the market is willing to pay, it is not considered a "generally accepted indicator" because the bids are continuously changing and has only been accepted by one bidder. In addition, while each incoming bid is a "price improvement" over the preceding bid, that bid is not a "relative price," which is defined as "being relative to a generally accepted indicator of a prevailing current market price," because there is no "generally accepted indicator of a prevailing current market price" and because the bid specifies an absolute price, not a price "relative" to the preceding bid.

Appellants argue that claim 1 covers the situation where products are bought or sold by the order, whereas Harrington has no such analogy (B16).

That the term "order" is broad enough to cover both "buy" orders and "sell" orders, but does not require both "buy" and "sell" orders. A reference that teaches a only "sell" order meets the "order" limitation. Claim 1 does not recite a "contra-side order."

Appellants argue (Br17) that Harrington does not suggest the limitation "matching the order with a first one of the responses that meets all of the conditions specified by the order during the exposure time ... with matching of the first one of the responses with the order terminating the auction." It is argued that Harrington waits until the auction ends and awards winning bids based on the best true interest cost (TIC) and according to the end time of the auction, not the conditions specified in the order (Br17). It is noted that while other types of auctions are mentioned in the background, such as a "Dutch flower auction," Harrington teaches away from using such a mechanism (Br17).

The examiner finds that the "Dutch flower auction" in the background is the type of auction where the first to accept an order wins and that one skilled in the art would have knowledge of the different methods for conducting an auction (EA14-15). The examiner concludes that it would have been obvious for the

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auctioneer in Harrington to choose a winner by any of the established auction methods (EA15).

Appellants admit that it was within the skill in the art to implement a "Dutch flower auction," but state that the examiner did not provide a cogent line of reasoning as to how or why the Dutch flower auction mechanism would be used in Harrington's system or is otherwise relevant (RBr5). It is argued that a Dutch flower auction is a type of auction where the auctioneer offers to sell a product in decreasing price increments, the first buyer to accept a bid being the winner, but this would not be useful in Harrington's auction system for the purpose of price yield discovery since it puts the burden on the Issue of the bonds to determine what the market is (RBr5).

It is not clear how the examiner proposes modifying the original issuer auctions of Harrington to use a Dutch flower auction or what the motivation would be. If the examiner proposes using the auction to sell something other than original issue instruments, this has not been stated. However, even if Harrington was a Dutch flower auction, it would not appear to meet the claim limitations. In a Dutch flower auction the offers to sell are made by the auctioneer in decreasing price increments with the first buyer to accept a bid being the winner. Claim 1 recites entering responses with "at least some of the responses specifying a relative price with a price improvement," which does

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not fit the Dutch flower auction format. It appears that the examiner has just found a teaching of the first response being the winner and said that the matching limitation would have been obvious. Absent a clear line of reasoning, we conclude that the matching limitation is neither taught nor suggested.

Appellants argue that the examiner misapplies the so-called "printed matter" doctrine to dismiss the features involving responses and matching (Br17).

The examiner responds that each limitation in claim 1 has been addressed and the point about "printed matter" is moot although the examiner stands by his analysis (EA15-16).

The printed matter doctrine states that patentable weight will not be given to the content of the printed matter and this doctrine has no application to claim 1.

Therefore, we conclude that Harrington does not disclose or suggest the obviousness of "entering an order ... specifying in the order ... an exposure time," "specifying a relative price with a price improvement with the relative price being relative to a generally accepted indicator of a prevailing current market price for the product," and "matching the order with a first one of the responses that meets all of the conditions specified by the order during the exposure time ... with matching of the first one of the responses with the order terminating the auction" in

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claim 1. The obviousness rejection of claims 1, 4, 6, 9, 10, 13, 24, 25, 27-32, 74, and 75 over Harrington is reversed.

With respect to claims 5, 13, 26, and 73, the examiner finds that Harrington does not teach a method of determining a best bid and finds that Silverman teaches an anonymous matching system that matches bids with orders based on quantity, price, and time (oldest response) (EA10-11). The examiner concludes that it would have been obvious to combine the teaching of Harrington and Silverman to increase system efficiency (EA11). The rejection does not explain away the deficiencies of Harrington. Silverman appears to be a much closer (or at least easier to apply) reference to the claims. Silverman discloses "offers" ("sell" orders) and "bids" ("buy" orders or "contra side orders") in the context of an auction market, where bids and offers are automatically matched (col. 1, lines 18-26; example of bidding for ten million Yen and offering fifteen million Yen, col. 13, lines 27-28 and col. 13, line 56, to col. 14, line 15). The orders are compared against the oldest response where the price is the same (e.g., col. 17, lines 7-18). However, the claimed "orders" and "contra-side orders" have specified exposure times, which is not suggested by Silverman. Nor does Silverman teach specifying a relative price with a price improvement. The rejection of claims 5, 13, 26, and 73 over Harrington and Silverman is reversed.

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Group III: claim 2

The rejection of claim 2 is reversed because we have reversed the rejection of claim 1 from which it depends.

Group IV: claim 3

The examiner finds that Harrington does not teach a method of determining a best bid and finds that Silverman teaches an anonymous matching system that matches bids with orders based on quantity, price, and time (oldest response) (EA10-11). The examiner concludes that it would have been obvious to combine the teaching of Harrington and Silverman to increase system efficiency (EA11). The rejection does not explain away the deficiencies of Harrington. Accordingly, the rejection of claim 3 over Harrington and Silverman is reversed.

Group V: claims 7, 8, 11, 12, and 76

The rejection of claims 7, 8, 11, and 76 is reversed because we have reversed the rejection of claim 1 from which they directly or indirectly depend. Silverman does not cure the deficiencies of Harrington, so the rejection of claim 12 over the combination is also reversed.

Group VI: claims 14-23

Claim 14 is representative. Appellants may wish to consider whether the recitation of matching the first order to responses and contra-side orders, "with a first one of the responses that

meets the conditions specified by the order terminating the auction," should recite "with a first one of the responses or contra-side orders that meets the conditions specified by the order terminating the auction."

Appellants argue that "Harrington does not suggest orders and does not suggest contra-side orders. Hence, Harrington does not suggest orders specifying an exposure time for which the order can remain active" (Br21).

The examiner finds that the offers in Harrington correspond to the "orders" and interprets that "[a] 'bid' is a contra-side order as it is an order (an instruction to buy) on the opposite side of the an [sic] order to supply or sell something" (EA19).

Appellants rely on their previous arguments (RBr8).

Claim 14 recites "orders," "contra-side orders," and "responses to orders." Claim 14 recites that the "order" specifies a price for the financial product in addition to a quantity of the financial product, and an exposure time. A price was not specified in, for example, claim 33. The offers in Harrington do not specify a price. The auctions in Figs. 10 and 11 specify a value of the bonds to be sold, but the users bids on a coupon and price, or yield, for each principal maturity it wants to purchase in a maturity by maturity bid (col. 9, lines 23-39) or for an aggregate purchase price in an all-or-none bid (col. 9, lines 40-55). Thus, the Issuer's offer specifies a

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price, as claimed. Furthermore, we find that there is no teaching that the offers in Harrington specify an "exposure time" as discussed in regard to claim 33.

In addition, as discussed in connection with claim 33, we find nothing in Harrington that corresponds to "contra-side orders," which is an order on the opposite side of the order. A "contra-side order" and a "response" are separately claimed elements and it is not proper to read them both onto the same "bid" in Harrington.

We conclude that Harrington does not disclose or make obvious the limitations of "specifying in the order a price for the financial product ... and an exposure time," a "contra-side order," and the limitations referring to a "contra-side order." In addition, Harrington does not disclose or suggest matching the first order to responses and contra-side orders, "with a first one of the responses that meets the conditions specified by the order terminating the auction," as discussed in the analysis of claim 1. The rejection of claims 14-23 is reversed.

Group VII: claims 40 and 65-70

Claim 40 is representative.

The examiner finds that Harrington discloses sealed-bid and silent and blind auctions where the current highest bid and identity are unknown and concludes that it would have been

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obvious to apply features of Harrington to these prior art auction types (EA9).

Appellants argue (Br21) that Harrington does not disclose "pre-defined relative indications specifying a quantity and being undisclosed to participants in the market until and unless matched with an order." It is argued that the predefined relative indications are indications of a willingness to trade that resides in the system and remains dormant and unseen by other participants and which is anonymous as to price, size existence, and identity (Br21). When activated, a predefined relative indication is priced relative to a standard reference quote, e.g., the National Best Bid/Offer (NBBO). Appellants argue that the "silent real-time" auctions, the "sealed-bid" auction where bidders can make one secret bid, and the "silent and blind" auction do not suggest a predefined relative indication having the features that it resides in the system and remains dormant and unseen by other participants, but when activated, becomes a response that is priced relative to a standard reference quote (Br22).

The examiner finds that appellants are trying to read the limitation of "dormant" into the claim (EA20). The examiner finds that the "bids" in Harrington correspond to the predefined relative indications "as each bid is constructed relative to the product to [sic] up for bid and competing bids" (EA20). The

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examiner states that a national best bid/offer is only recited in claim 69 and is merely a "best bid" to one in the art (EA20).

Appellants reply that the claim limitations describe a "dormant" situation (RBr8-9).

It is true that claim 40 does not expressly recite the term "dormant" as in claim 71. Nevertheless, the limitation of "predefined relative indications specifying a quantity and being undisclosed to participants in the market until and unless matched with an order" describes a situation where the relative indications are dormant. We fail to see how this limitation is taught or suggested by Harrington. Although the claimed "predefined relative indications" do not recite that the indications are "relative to a generally accepted indicator of a prevailing current market price" as in claim 1, this is a matter of breadth. The examiner finds the "predefined relative indications" to correspond to the bids in Harrington, but this does address the complete limitation of "predefined relative indications specifying a quantity and being undisclosed to participants in the market until and unless matched with an order." Moreover, claim 40 calls "for entering predefined relative indications ... and responses to orders for the product." The examiner's interpretation would apparently read both the "relative indications" and the "responses to orders" on the "bids" in Harrington, which is unacceptable since they are

separate limitations. The examiner concludes that it would have been obvious to apply Harrington to the prior art sealed-bid and silent and blind auction, but this does not address the specifics of the modifications or the claim as a whole; e.g., if Harrington implemented a sealed-bid auction, what would correspond to the "relative indications" and the "responses to orders"?

We conclude that Harrington does not disclose or make obvious the limitations of "predefined relative indications specifying a quantity and being undisclosed to participants in the market until and unless matched with an order" and having both "relative indications" and "responses to orders." In addition, Harrington does not disclose that the "orders specify a price," as discussed in connection with claim 14, or "contra-side orders," as discussed in connection with claim 33, or that the system "determine a match to a first order with the predefined relative indications, responses and contra-side orders during an interval determined by the exposure time specified by the first order." The rejection of claims 40 and 65-70 is reversed.

Group VIII: claims 55-58

Claim 55 is representative.

Appellants argue (Br31) that Harrington does not teach or suggest an "order specifying a condition that seeks a specific minimum relative price improvement." It is argued that "[w]hile Harrington teaches minimum increments and whether to allow all

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bids or only better bids, Harrington fails to show a priced offer (that is the purpose of the invention in Harrington to find the price) and does not show a market price and therefore does not teach an order specifying a condition that seeks a specific minimum relative price improvement" (Br22).

The examiner finds that Harrington teaches an "order specifying a condition that seeks a specific minimum relative price improvement" because "the system provides a bidder with a message informing a bidder why her/his/their bid did not meet requirements such as a minimum price" (EA21).

Appellants rely on the arguments in the brief (RBr9).

Initially, we note that while claim 55 recites "a specific minimum relative price improvement," it does not recite relative to what and does not recite relative to a market price; compare this to claim 71. Nevertheless, this is a question of breadth. We agree with appellants that the original issue auctions of Harrington do not show a priced auction. As discussed in connection with claim 14, the auctions in Figs. 10 and 11 specify a value of the bonds to be sold, but the users bids on a coupon and price, or yield, for each principal maturity it wants to purchase in a maturity by maturity bid (col. 9, lines 23-39) or for an aggregate purchase price in an all-or-none bid (col. 9, lines 40-55). Since the Issuer's offer does not specify a price, it would not have suggested an order "that seeks a specific

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minimum relative price improvement." As noted in connection with claim 33, Harrington does not expressly disclose that the offer specifies "an exposure time." In addition, if the bids in Harrington correspond to a "response," Harrington does not teach or suggest a "contra-side order" as previously discussed, or the new limitation of a "contra-side order that has a condition seeking a relative price improvement." The rejection of claims 55-58 is reversed.

Group IX: claims 71, 72, 77, and 78

Claim 71 is representative.

Appellants argue (Br22) that Harrington does not disclose or suggest the claim limitation "specifying a relative price with a price improvement with the relative price being relative to a generally accepted indicator of a prevailing, current market price." It is further argued (Br22) that Harrington does not disclose or suggest the claim limitation "pre-defined relative indications that correspond to a willingness to buy or sell the product, the pre-defined relative indications specify a price relative to a current market price and, which are dormant in the system and undisclosed to participants until and unless matched with the order."

The examiner finds that the "bids" in Harrington correspond to the predefined relative indications "as each bid is constructed relative to the product to [sic] up for bid and

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competing bids" (EA21-22). The examiner finds that a "bid" reflects a willingness to buy and that the "best bid" in Harrington corresponds to the "prevailing current market price" since it is the price of obtaining the product (EA22).

Appellants rely on the previous arguments (RBr9).

As discussed in connection with claim 1, we conclude that a "bid" in Harrington is not equivalent to a "generally accepted indicator of a prevailing current market price." Moreover, the bids are for specific amounts, such as a coupon and price, or yield, for each principal maturity in a maturity by maturity bid (col. 9, lines 23-39) or for an aggregate purchase price in an all-or-none bid (col. 9, lines 40-55); the bids do not specify a "relative price with a price improvement." In addition, the bids in Harrington cannot correspond to both a "response" and a "pre-defined relative indication" because these are separate elements. Furthermore, Harrington does not disclose or suggest "pre-defined relative indications ... which are dormant in the system and undisclosed to participants until and unless matched with the order," as discussed in connection with claim 40. Also, Harrington does disclose "matching the order with a first one of the responses or predefined relative indications that meets conditions specified by the order, during the exposure time specified by the order" because it waits until the end of the auction. The rejection of claims 71, 72, 77, and 78 is reversed.

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Group X: claim 64

Appellants argue (Br23) that Harrington does not teach or suggest "the order specifying a condition that seeks a specific minimum relative price improvement and an exposure time" and instructions to "match the order with the response or contra-side order in accordance with the exposure time specified by the order."

The examiner finds that Harrington expressly teaches auction start and end times (EA2), which we interpret to relate to the limitation of "exposure time." The examiner finds (EA22) that a "best bid" is "generally accepted indicator of a prevailing current market price."

"Appellant relies upon the discussion of a prevailing current market price with price improvement as discussed above for Group V." (RBr9.)

We conclude that Harrington does not teach or suggest "the order specifying a condition that seeks a specific minimum relative price improvement and an exposure time," for the reasons discussed in connection with claim 55, and does not teach or suggest a "contra-side order" for the reasons discussed in connection with claim 33. The anticipation rejection of claim 64 is reversed.

Appeal No. 2004-2085
Application 09/272,542

Citation of reference

The article A Tale of Two Trading Venues: Electronically Delivered Orders vs. Floor Brokered Orders on the American Stock Exchange by Puneet Handa et al., Proceedings of the 32nd Hawaii International Conference on System Sciences - 1999, evidently published January 1999 (footnote 1), copy attached, is cited of interest because it discusses contra-side market orders, price improvement, anonymous orders (footnote 8), and electronic trading (e.g., footnote 3).

CONCLUSION

The rejections of claims 1-40, 55-58, and 64-78 are reversed.

REVERSED


KENNETH W. HAIRSTON
Administrative Patent Judge

Lee E. Barrett
LEE E. BARRETT
Administrative Patent Judge


STUART S. LEVY
Administrative Patent Judge

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